

# House File 2555 - Introduced

HOUSE FILE \_\_\_\_\_  
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO HSB 737)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to various matters under the purview of the  
2 insurance division of the department of commerce including  
3 uniform securities; duties of the insurance division including  
4 a consumer advocate and rate reviews; confidential  
5 information; examinations; insurance trade practices;  
6 insurance fraud; the Iowa life and health insurance guaranty  
7 association; viatical settlement contracts; general agents and  
8 third-party administrators; life insurance companies; health  
9 maintenance organizations; utilization and cost control;  
10 external review of health care coverage decisions; the Iowa  
11 comprehensive health insurance association; workers'  
12 compensation liability insurance; consolidation, merger, and  
13 reinsurance; licensing of insurance producers; cemetery and  
14 funeral merchandise and funeral services; and cemeteries,  
15 making appropriations, and providing an effective date.  
16 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
17 TLSB 5431HV 82  
18 av/nh/5

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1 1 Section 1. Section 502.201, subsection 9E, Code 2007, is  
1 2 amended to read as follows:  
1 3 9E. VIATICAL SETTLEMENT INVESTMENT CONTRACTS. A viatical  
1 4 settlement investment contract, or fractional or pooled  
1 5 interest in such contract, provided any of the following  
1 6 conditions are satisfied:  
1 7 a. The assignment, transfer, sale, devise, or bequest of a  
1 8 death benefit of a life insurance policy or contract is made  
1 9 by the viator to an insurance company as provided under Title  
1 10 XIII, subtitle 1.  
1 11 b. The assignment, transfer, sale, devise, or bequest of a  
1 12 life insurance policy or contract, for any value less than the  
1 13 expected death benefit, is made by the viator to a family  
1 14 member or other person who enters into no more than one such  
1 15 agreement in a calendar year.  
1 16 c. A life insurance policy or contract is assigned to a  
1 17 bank, savings bank, savings and loan association, credit  
1 18 union, or other licensed lending institution as collateral for  
1 19 a loan.  
1 20 d. Accelerated benefits are exercised as provided in the  
1 21 life insurance policy or contract and consistent with  
1 22 applicable law.  
1 23 e. The assignment, transfer, sale, devise, or bequest of  
1 24 the death benefit or ownership of a life insurance policy or  
1 25 contract made by the policyholder or contract owner to a  
1 26 viatical settlement provider, if the viatical settlement  
1 27 transaction complies with chapter 508E, including rules  
1 28 adopted pursuant to that chapter.  
1 29 Sec. 2. Section 502.202, subsection 9, Code 2007, is  
1 30 amended to read as follows:  
1 31 9. SPECIFIED EXCHANGE TRANSACTIONS. A transaction in a  
1 32 security, whether or not the security or transaction is  
1 33 otherwise exempt, in exchange for one or more bona fide  
1 34 outstanding securities, claims, or property interests, or  
1 35 partly in such exchange and partly for cash, if the terms and  
2 1 conditions of the issuance and exchange or the delivery and  
2 2 exchange and the fairness of the terms and conditions have  
2 3 been approved ~~by the administrator~~ after a hearing by a court;  
2 4 by an official or agency of the United States; by a state  
2 5 securities, banking, or insurance agency; or by any other

2 6 government authority expressly authorized by law to grant such  
2 7 approvals.

2 8 Sec. 3. Section 502.402, subsection 2, paragraph a, Code  
2 9 2007, is amended to read as follows:

2 10 a. An individual who represents a broker-dealer in  
2 11 effecting transactions in this state limited to those  
2 12 described in section 15(h)(2) of the Securities Exchange Act  
2 13 of 1934, 15 U.S.C. } ~~78(e)(2)~~ 78(h)(2).

2 14 Sec. 4. Section 502.410, subsection 2, Code 2007, is  
2 15 amended to read as follows:

2 16 2. AGENTS. The fee for an individual is ~~thirty forty~~  
2 17 dollars when filing an application for registration as an  
2 18 agent, a fee of ~~thirty forty~~ dollars when filing a renewal of  
2 19 registration as an agent, and a fee of ~~thirty forty~~ dollars  
2 20 when filing for a change of registration as an agent. Of each  
2 21 forty-dollar fee collected, ten dollars is appropriated to the  
2 22 securities investor education and financial literacy training  
2 23 fund established under section 502.601, subsection 5. If the  
2 24 filing results in a denial or withdrawal, the administrator  
2 25 shall retain the fee.

2 26 Sec. 5. Section 502.601, subsection 4, Code 2007, is  
2 27 amended to read as follows:

2 28 4. INVESTOR EDUCATION AND FINANCIAL LITERACY. The  
2 29 administrator may develop and implement investor education and  
2 30 financial literacy initiatives to inform the public about  
2 31 investing in securities, with particular emphasis on the  
2 32 prevention and detection of securities fraud. In developing  
2 33 and implementing these initiatives, the administrator may  
2 34 collaborate with public and nonprofit organizations with an  
2 35 interest in investor education and financial literacy. The  
3 1 administrator may accept a grant or donation from a person  
3 2 ~~that who~~ is not affiliated with the securities industry or  
3 3 from a nonprofit organization, regardless of whether the  
3 4 organization is affiliated with the securities industry, to  
3 5 develop and implement investor education and financial  
3 6 literacy initiatives. This subsection does not authorize the  
3 7 administrator to require participation or monetary  
3 8 contributions of a registrant in an investor education or  
3 9 financial literacy program.

3 10 Sec. 6. Section 502.601, subsection 5, Code 2007, is  
3 11 amended to read as follows:

3 12 5. THE SECURITIES INVESTOR EDUCATION AND FINANCIAL  
3 13 LITERACY TRAINING FUND. A securities investor education and  
3 14 financial literacy training fund is created in the state  
3 15 treasury under the control of the administrator to provide  
3 16 moneys for the purposes specified in subsection 4. All moneys  
3 17 received by the state by reason of civil penalties pursuant to  
3 18 this chapter and the moneys appropriated to the fund pursuant  
3 19 to section 502.410, subsection 2, shall be deposited in the  
3 20 securities investor education and financial literacy training  
3 21 fund. Notwithstanding section 12C.7, interest or earnings on  
3 22 moneys deposited into the fund shall be credited to the fund.  
3 23 Notwithstanding section 8.33, unencumbered or unobligated  
3 24 moneys remaining in the fund shall not revert but shall be  
3 25 available for expenditure for the following fiscal year.  
3 26 However, if, on June 30, unencumbered or unobligated moneys  
3 27 remaining in the fund exceed ~~two five~~ hundred thousand  
3 28 dollars, moneys in excess of that amount shall revert to the  
3 29 general fund of the state in the same manner as provided in  
3 30 section 8.33.

3 31 Sec. 7. Section 505.8, Code Supplement 2007, is amended by  
3 32 adding the following new subsection:

3 33 NEW SUBSECTION. 5A. a. The commissioner shall establish  
3 34 a bureau, to be known as the "consumer advocate bureau", which  
3 35 shall be responsible for ensuring fair treatment of consumers  
4 1 by persons in the business of insurance and for preventing  
4 2 unfair or deceptive trade practices in the insurance  
4 3 marketplace.

4 4 b. The consumer advocate bureau shall receive and  
4 5 investigate consumer complaints and inquiries from the public,  
4 6 and shall conduct investigations to determine whether any  
4 7 person has violated any provision of the insurance code. When  
4 8 necessary or appropriate to protect the public interest or  
4 9 consumers, the commissioner may conduct administrative  
4 10 hearings as provided in section 505.29.

4 11 c. The consumer advocate bureau shall perform other  
4 12 functions as may be assigned to it by the commissioner.

4 13 d. The commissioner shall prepare and deliver a report to  
4 14 the general assembly by January 15 of each year that contains  
4 15 findings and recommendations regarding the activities of the  
4 16 consumer advocate bureau including but not limited to all of

4 17 the following:

4 18 (1) An overview of the functions of the bureau.

4 19 (2) The structure of the bureau including the number and  
4 20 type of staff positions.

4 21 (3) Statistics showing the number of complaints handled by  
4 22 the bureau and their disposition, and the disposition of  
4 23 similar issues in other states.

4 24 (4) Recommendations from the commissioner about additional  
4 25 consumer protection functions that would be appropriate and  
4 26 useful for the bureau to fulfill.

4 27 Sec. 8. Section 505.8, subsection 6, Code Supplement 2007,  
4 28 is amended to read as follows:

4 29 6. a. Notwithstanding chapter 22, the commissioner shall

4 30 keep confidential the information submitted to the insurance

4 31 division or obtained by the insurance division in the course

4 32 of an investigation or inquiry pursuant to subsection 5A,

4 33 including all notes, work papers, or other documents related

4 34 to the investigation. Information obtained by the

4 35 commissioner in the course of investigating a complaint or

5 1 inquiry may, in the discretion of the commissioner, be

5 2 provided to the insurance company or insurance producer that

5 3 is the subject of the complaint or inquiry, to the consumer

5 4 who filed the complaint or inquiry, and to the individual

5 5 insured who is the subject of the complaint or inquiry,

5 6 without waiving the confidentiality afforded to the

5 7 commissioner or to other persons by this subsection. The

5 8 commissioner may disclose or release information that is

5 9 otherwise confidential under this subsection, in the course of

5 10 an administrative or judicial proceeding.

5 11 ~~a. b. Notwithstanding chapter 22, the commissioner shall~~

5 12 ~~keep confidential both information obtained in the course of~~

5 13 ~~an investigation and information by or submitted to the~~

5 14 ~~insurance division pursuant to chapters 514J and 515D.~~

5 15 ~~b. c. The commissioner shall adopt rules protecting the~~

5 16 ~~privacy of information held by an insurer or an agent~~

5 17 ~~consistent with the federal Gramm-Leach-Bliley Act, Pub. L.~~

5 18 ~~No. 106=102.~~

5 19 ~~c. d. However, notwithstanding Notwithstanding paragraphs~~

5 20 ~~"a", and "b", and "c", if the commissioner determines that it~~

5 21 ~~is necessary or appropriate in the public interest or for the~~

5 22 ~~protection of the public, the commissioner may share~~

5 23 ~~information with other regulatory authorities or governmental~~

5 24 ~~agencies or may publish information concerning a violation of~~

5 25 ~~this chapter or a rule or order under this chapter. Such~~

5 26 ~~information may be redacted so that personally identifiable~~

5 27 ~~information is not made available.~~

5 28 ~~d. e. The commissioner may adopt rules protecting the~~

5 29 ~~privacy of information submitted to the insurance division~~

5 30 ~~consistent with this section.~~

5 31 Sec. 9. Section 505.8, subsection 10, Code Supplement

5 32 2007, is amended to read as follows:

5 33 10. For the purpose of an investigation made under any

5 34 chapter of this subtitle, the commissioner or the

5 35 commissioner's designee may administer oaths and affirmations,

6 1 subpoena witnesses, seek compulsory attendance, take evidence,

6 2 require the filing of statements, and require the production

6 3 of any records that the commissioner considers relevant or

6 4 material to the investigation, pursuant to rules adopted under

6 5 chapter 17A. The confidentiality provisions of subsection 6,

6 6 shall apply to information and material obtained pursuant to

6 7 this subsection.

6 8 Sec. 10. Section 505.15, Code 2007, is amended to read as

6 9 follows:

6 10 505.15 ACTUARIAL, PROFESSIONAL, AND SPECIALIST STAFF.

6 11 1. The commissioner may appoint a staff of actuaries as

6 12 necessary to carry out the duties of the division. The

6 13 actuarial staff shall do all of the following:

6 14 ~~1. a.~~ Perform analyses of rate filings.

6 15 ~~2. b.~~ Perform audits of submitted loss data.

6 16 ~~3. c.~~ Conduct rate hearings and serve as expert

6 17 witnesses.

6 18 ~~4. d.~~ Prepare, review, and dispense data on the insurance

6 19 business.

6 20 ~~5. e.~~ Assist in public education concerning the insurance

6 21 business.

6 22 ~~6. f.~~ Identify any impending problem areas in the

6 23 insurance business.

6 24 ~~7. g.~~ Assist in examinations of insurance companies.

6 25 2. The commissioner may retain attorneys, appraisers,

6 26 independent actuaries, independent certified public

6 27 accountants, or other professionals or specialists to assist

6 28 the division in carrying out its duties in regard to rate  
6 29 filing reviews. The reasonable cost of retaining such  
6 30 professionals and specialists shall be borne by the insurer  
6 31 which is the subject of the rate filing review.

6 32 Sec. 11. Section 507.4, Code 2007, is amended to read as  
6 33 follows:

6 34 507.4 EXAMINERS == SALARIES.

6 35 1. The commissioner of insurance is hereby authorized to  
7 1 may appoint insurance examiners, at least one of whom shall be  
7 2 an experienced actuary, and at least one of whom shall be an  
7 3 experienced and competent fire insurance accountant, and who,  
7 4 while conducting examinations, shall possess all the powers  
7 5 conferred upon the commissioner of insurance for such  
7 6 purposes. The entire time of the examiners shall be under the  
7 7 control of the ~~said~~ commissioner, and shall be employed as the  
7 8 commissioner may direct.

7 9 2. The ~~said~~ commissioner may, when in the commissioner's  
7 10 judgment it is advisable, appoint assistants to aid in making  
7 11 conducting examinations. ~~Said examiners shall be compensated~~  
7 12 ~~on the basis of the normal workweek of the insurance division~~  
7 13 ~~at a salary to be fixed by the commissioner subject, however,~~  
7 14 ~~to the provisions of section 505.14. The commissioner shall~~  
7 15 ~~employ rates of compensation consistent with current standards~~  
7 16 ~~in the industry for certified public accountants, attorneys,~~  
7 17 ~~and skilled insurance examiners. The commissioner may use~~  
7 18 ~~compensation rates suggested by the national association of~~  
7 19 ~~insurance commissioners. Insurance examiners employed under~~  
7 20 ~~this section shall be exempt from the merit system provisions~~  
7 21 ~~of chapter 8A, subchapter IV, under section 8A.412, subsection~~  
7 22 ~~17. Said compensation Compensation shall be paid from~~  
7 23 appropriations for such purposes upon certification of the  
7 24 commissioner, which shall be reimbursed as provided in  
7 25 sections 507.8 and 507.9.

7 26 Sec. 12. Section 507B.3, Code 2007, is amended to read as  
7 27 follows:

7 28 507B.3 UNFAIR COMPETITION OR UNFAIR AND DECEPTIVE ACTS OR  
7 29 PRACTICES PROHIBITED.

7 30 1. A person shall not engage in this state in any trade  
7 31 practice which is defined in this chapter as, or determined  
7 32 pursuant to section 507B.6 to be, an unfair method of  
7 33 competition, or an unfair or deceptive act or practice in the  
7 34 business of insurance. The issuance of a qualified charitable  
7 35 gift annuity as provided in chapter 508F does not constitute a  
8 1 trade practice in violation of this chapter.

8 2 2. The commissioner shall have power to examine and  
8 3 investigate into the affairs of every person engaged in the  
8 4 business of insurance in this state in order to determine  
8 5 whether such person has been or is engaged in any unfair  
8 6 method of competition or in any unfair or deceptive act or  
8 7 practice prohibited by this section. The commissioner shall  
8 8 keep confidential the information submitted to the insurance  
8 9 division, or obtained by the insurance division in the course  
8 10 of an investigation pursuant to section 505.8, subsection 6.  
8 11 3. Information obtained by the commissioner in the course  
8 12 of investigating a consumer complaint may, in the discretion  
8 13 of the commissioner, be provided to the insurance company or  
8 14 insurance producer which is the subject of the complaint or to  
8 15 the consumer who filed the complaint or the individual insured  
8 16 who is the subject of the complaint without waiving the  
8 17 confidentiality afforded by this section to the commissioner  
8 18 or other persons.

8 19 Sec. 13. Section 507E.6, Code 2007, is amended to read as  
8 20 follows:

8 21 507E.6 DUTIES OF INSURER.

8 22 An insurer which believes that a claim or application for  
8 23 insurance coverage is being made which is a violation of  
8 24 section 507E.3 shall provide, within sixty days of the receipt  
8 25 of such claim or application, written notification to the  
8 26 bureau of the claim or application on a form prescribed by the  
8 27 bureau, including any additional information requested by the  
8 28 bureau related to the claim or application or the party making  
8 29 the claim or application. The fraud bureau shall review each  
8 30 notification and determine whether further investigation is  
8 31 warranted. If the bureau determines that further  
8 32 investigation is warranted, the bureau shall conduct an  
8 33 independent investigation of the facts surrounding the claim  
8 34 or application for insurance coverage to determine the extent,  
8 35 if any, to which fraud occurred in the submission of the claim  
9 1 or application. The bureau shall report any alleged violation  
9 2 of law disclosed by the investigation to the appropriate  
9 3 licensing agency or prosecuting authority having jurisdiction

9 4 with respect to such violation.

9 5 Sec. 14. Section 508C.3, subsection 2, Code 2007, is  
9 6 amended to read as follows:

9 7 2. This chapter shall provide coverage to the persons  
9 8 specified in subsection 1 under direct life insurance  
9 9 policies, health insurance policies including long-term care  
9 10 insurance and disability insurance policies, annuity  
9 11 contracts, supplemental contracts, certificates under group  
9 12 policies or contracts, and unallocated annuity contracts  
9 13 issued by member insurers.

9 14 Sec. 15. Section 508C.6, subsection 1, paragraphs c and d,  
9 15 Code 2007, are amended to read as follows:

9 16 c. An annuity account. A plan established under section  
9 17 401, 403(b), or 457 of the United States Internal Revenue Code  
9 18 shall be covered by the annuity account.

9 19 d. An unallocated annuity contract account, excluding  
9 20 plans established under section 401, 403(b), or 457 of the  
9 21 United States Internal Revenue Code.

9 22 Sec. 16. Section 508C.8, subsection 8, Code 2007, is  
9 23 amended by striking the subsection and inserting in lieu  
9 24 thereof the following:

9 25 8. a. The benefits that the association may become  
9 26 obligated to cover shall in no event exceed the lesser of  
9 27 either of the following:

9 28 (1) The contractual obligations for which the insurer is  
9 29 liable or would have been liable if it were not an impaired or  
9 30 insolvent insurer.

9 31 (2) Any of the following:

9 32 (a) With respect to one life, regardless of the number of  
9 33 policies or contracts:

9 34 (i) Three hundred thousand dollars in life insurance death  
9 35 benefits, but not more than one hundred thousand dollars in  
10 1 net cash surrender and net cash withdrawal values for life  
10 2 insurance, or three hundred fifty thousand dollars in the  
10 3 aggregate.

10 4 (ii) Three hundred thousand dollars for health insurance  
10 5 benefits including any net cash surrender and net cash  
10 6 withdrawal values.

10 7 (iii) Two hundred fifty thousand dollars in the present  
10 8 value of annuity benefits, including net cash surrender and  
10 9 net cash withdrawal values.

10 10 (b) (i) With respect to each individual benefit plan  
10 11 established under section 401, 403(b), or 457 of the United  
10 12 States Internal Revenue Code, or each unallocated annuity  
10 13 contract account, excluding a plan established under section  
10 14 401, 403(b), or 457 of the United States Internal Revenue  
10 15 Code, not more than two hundred fifty thousand dollars in the  
10 16 aggregate, in present value annuity benefits, including net  
10 17 cash surrender and net cash withdrawal values for the  
10 18 beneficiaries of the deceased individual.

10 19 (ii) However, the association shall not in any event be  
10 20 obligated to cover more than an aggregate of three hundred  
10 21 fifty thousand dollars in benefits with respect to any one  
10 22 life under subparagraph subdivision (a) and this subparagraph  
10 23 subdivision (b), or more than five million dollars in benefits  
10 24 to one owner of multiple nongroup policies of life insurance  
10 25 regardless of whether the policy owner is an individual, firm,  
10 26 corporation, or other person, and whether the persons insured  
10 27 are officers, managers, employees, or other persons, and  
10 28 regardless of the number of policies and contracts held by the  
10 29 owner.

10 30 (c) With respect to a plan sponsor whose plan owns,  
10 31 directly or in trust, one or more unallocated annuity  
10 32 contracts not included under subparagraph subdivision (b), not  
10 33 more than five million dollars in benefits, regardless of the  
10 34 number of contracts held by the plan sponsor. However, where  
10 35 one or more such unallocated annuity contracts are covered  
11 1 contracts under this chapter and are owned by a trust or other  
11 2 entity for the benefit of two or more plan sponsors, the  
11 3 association shall provide coverage if the largest interest in  
11 4 the trust or entity owning the contract is held by a plan  
11 5 sponsor whose principal place of business is in the state but  
11 6 in no event shall the association be obligated to cover more  
11 7 than five million dollars in benefits in the aggregate with  
11 8 respect to all such unallocated contracts.

11 9 b. The limitations on the association's obligation to  
11 10 cover benefits that are set forth under this subsection do not  
11 11 take into account the association's subrogation and assignment  
11 12 rights or the extent to which such benefits could be provided  
11 13 out of the assets of the impaired or insolvent insurer that  
11 14 are attributable to covered policies. The association's

11 15 obligations under this chapter may be met by the use of assets  
11 16 attributable to covered policies or reimbursed to the  
11 17 association pursuant to the association's subrogation and  
11 18 assignment rights.

11 19 Sec. 17. Section 508C.8, subsection 9, Code 2007, is  
11 20 amended to read as follows:

11 21 9. The association has no obligation ~~for either of the~~  
11 22 ~~following:~~

11 23 ~~a. To continue coverage, or to pay a claim for benefits to~~  
11 24 ~~any person under an individual accident, health, or disability~~  
11 25 ~~policy accruing more than three years following the date the~~  
11 26 ~~member insurer is adjudicated to be insolvent.~~

11 27 ~~b. To to issue a group conversion policy of any nature to~~  
11 28 ~~a person or to continue a group coverage in force for more~~  
11 29 ~~than sixty days following the date the member insurer was~~  
11 30 ~~adjudicated to be insolvent.~~

11 31 Sec. 18. NEW SECTION. 508E.5 PUBLIC RECORDS.

11 32 All information filed with the commissioner pursuant to the  
11 33 requirements of this chapter and its implementing rules shall  
11 34 constitute a public record that is open for public inspection.

11 35 Sec. 19. Section 510.5, subsection 1, paragraph d, Code  
12 1 2007, is amended to read as follows:

12 2 d. Separate records of business written by a managing  
12 3 general agent shall be maintained. An insurer shall have  
12 4 access and a right to copy all accounts and records related to  
12 5 the insurer's business in a form usable by the insurer and the  
12 6 commissioner shall have access to all books, bank accounts,  
12 7 and records of a managing general agent in a form usable by  
12 8 the commissioner. Such records shall be retained at least  
12 9 until after completion by the insurance division of the next  
12 10 ~~triennial~~ examination of the insurer.

12 11 Sec. 20. Section 511.8, subsection 6, paragraph a,  
12 12 subparagraph (2), unnumbered paragraph 1, Code 2007, is  
12 13 amended to read as follows:

12 14 The net earnings available for fixed charges and preferred  
12 15 dividends of the issuing corporation shall have been, for each  
12 16 of the five fiscal years immediately preceding the date of  
12 17 acquisition, not less than one and one-half times the sum of  
12 18 the annual fixed charges and contingent interest, if any, and  
12 19 the annual preferred dividend requirements as of the date of  
12 20 acquisition; or at the date of acquisition the preferred stock  
12 21 has investment qualities and characteristics wherein  
12 22 speculative elements are not predominant.

12 23 Sec. 21. Section 511.8, subsection 9, paragraphs a, b, c,  
12 24 e, and g, Code 2007, are amended to read as follows:

12 25 a. (1) Bonds, notes, obligations, or other evidences of  
12 26 indebtedness secured by mortgages or deeds of trust which are  
12 27 a first or second lien upon otherwise unencumbered real  
12 28 property and appurtenances thereto within the United States of  
12 29 America, or any insular or territorial possession of the  
12 30 United States, or the Dominion of Canada, and upon leasehold  
12 31 estates in real property where fifty years or more of the term  
12 32 including renewals is unexpired, provided that at the date of  
12 33 acquisition the total indebtedness secured by the first or  
12 34 second lien shall not exceed ninety percent of the value of  
12 35 the property upon which it is a lien. However, a company or  
13 1 organization shall not acquire an indebtedness secured by a  
13 2 first or second lien upon a single parcel of real property, or  
13 3 upon a leasehold interest in a single parcel of real property,  
13 4 in excess of two percent of its legal reserve. These  
13 5 limitations do not apply to obligations described in  
13 6 paragraphs "b", "c", "d", "e", ~~and~~ "f", and "g" of this  
13 7 subsection.

13 8 (2) Improvements and appurtenances to real property shall  
13 9 not be considered in estimating the value of the property  
13 10 unless the owner contracts to keep the property adequately  
13 11 insured during the life of the loan in some reliable fire  
13 12 insurance companies, or associations, the insurance to be made  
13 13 payable in case of loss to the mortgagee, trustee, or assignee  
13 14 as its interest appears at the time of the loss.

13 15 (3) For the purpose of this subsection a mortgage or deed  
13 16 of trust is not other than a first or second lien upon  
13 17 property by reason of the existence of taxes or assessments  
13 18 that are not delinquent, instruments creating or reserving  
13 19 mineral, oil, or timber rights, rights of way, joint  
13 20 driveways, sewer rights, rights in walls or by reason of  
13 21 building restrictions or other like restrictive covenants, or  
13 22 when the real estate is subject to lease in whole or in part  
13 23 whereby rents or profits are reserved to the owner.

13 24 b. Bonds, notes, or other evidences of indebtedness  
13 25 representing loans and advances of credit that have been

13 26 issued, guaranteed, or insured, in accordance with the terms  
13 27 and provisions of an Act of Congress of the United States of  
13 28 America approved June 27, 1934, entitled the "National Housing  
13 29 Act", 48 Stat. 1246, 12 U.S.C. } 1701, et seq., as heretofore  
~~13 30 and hereafter amended to and including January 1, 2008, or of~~  
~~13 31 an Act of Congress of the United States of America approved~~  
~~13 32 July 24, 1970, entitled the "Federal Home Loan Mortgage~~  
~~13 33 Corporation Act", 84 Stat. 451, 12 U.S.C. } 1451, et seq., as~~  
~~13 34 amended to and including January 1, 2008.~~

13 35 c. Bonds, notes, or other evidences of indebtedness  
14 1 representing loans and advances of credit that have been  
14 2 issued or guaranteed, in whole or in part, in accordance with  
14 3 the terms and provisions of Title III of an Act of Congress of  
14 4 the United States of America approved June 22, 1944, known as  
14 5 Public Law 346, Pub. L. No. 78=268, cited as the "Servicemen's  
14 6 Readjustment Act of 1944", 58 Stat. 284, recodified at 72  
14 7 Stat. 1105, 1273, 38 U.S.C. } 3701, et seq., as heretofore and  
~~14 8 hereafter amended to and including January 1, 2008.~~

14 9 e. Bonds, notes, or other evidences of indebtedness  
14 10 representing loans and advances of credit that have been  
14 11 issued or guaranteed, in whole or in part, in accordance with  
14 12 Title I of the Bankhead-Jones Farm Tenant Act, an Act of the  
14 13 Congress of the United States, cited as the "Farmers Home  
14 14 Administration Act of 1946", 60 Stat. 1062, as heretofore or  
~~14 15 hereafter amended to and including the effective date or dates~~  
~~14 16 of its repeal as set forth in 76 Stat. 318, or with Title III~~  
~~14 17 of an Act of Congress of the United States of America approved~~  
~~14 18 August 8, 1961, entitled the "Consolidated Farm and Rural~~  
~~14 19 Development Act", 75 Stat. 307, 7 U.S.C. } 1921, et seq., as~~  
~~14 20 amended to and including January 1, 2008.~~

14 21 g. Bonds, notes or other evidences of indebtedness  
14 22 representing loans and advances of credit that have been  
14 23 issued, guaranteed, or insured, in accordance with the terms  
14 24 and provisions of an Act of the federal Parliament of the  
14 25 Dominion of Canada approved March 18, 1954, cited as the  
14 26 "National Housing Act, 1954" Act", R.S.C. 1985, c. N=11 as  
14 27 heretofore and hereafter amended to and including January 1,  
14 28 2008.

14 29 Sec. 22. Section 511.8, subsection 22, paragraph a, Code  
14 30 2007, is amended by adding the following new subparagraph:  
14 31 NEW SUBPARAGRAPH. (4) "United States government=sponsored  
14 32 enterprise" means the federal national mortgage corporation  
14 33 under 12 U.S.C. } 1716=23i of the National Housing Act and the  
14 34 federal home loan marketing association under the Federal Home  
14 35 Loan Mortgage Act, 12 U.S.C. } 1451=59.

15 1 Sec. 23. Section 511.8, subsection 22, paragraphs c, d,  
15 2 and e, Code 2007, are amended to read as follows:

15 3 c. Investments in financial instruments used in hedging  
15 4 transactions are not eligible in excess of two percent of the  
15 5 legal reserve in the financial instruments of any one  
15 6 corporation, less any securities of that corporation owned by  
15 7 the company or association and in which its legal reserve is  
15 8 invested, except insofar as the financial instruments are  
15 9 collateralized by cash, ~~or~~ United States government  
15 10 obligations as authorized by subsection 1, or obligations of  
~~15 11 or guaranteed by a United States government=sponsored~~  
~~15 12 enterprise which on the date they are pledged as collateral~~  
~~15 13 are adequately secured and have investment qualities and~~  
~~15 14 characteristics wherein the speculative elements are not~~  
~~15 15 predominant, which are deposited with a custodian bank as~~  
15 16 defined in subsection 21, and held under a written agreement  
15 17 with the custodian bank that complies with subsection 21 and  
15 18 provides for the proceeds of the collateral, subject to the  
15 19 terms and conditions of the applicable collateral or other  
15 20 credit support agreement, to be remitted to the legal reserve  
15 21 deposit of the company or association and to vest in the state  
15 22 in accordance with section 508.18 whenever proceedings under  
15 23 that section are instituted.

15 24 d. Investments in financial instruments used in hedging  
15 25 transactions are not eligible in excess of ten percent of the  
15 26 legal reserve, except insofar as the financial instruments are  
15 27 collateralized by cash, ~~or~~ United States government  
15 28 obligations as authorized by subsection 1, or obligations of  
~~15 29 or guaranteed by a United States government=sponsored~~  
~~15 30 enterprise which on the date they are pledged as collateral~~  
~~15 31 are adequately secured and have investment qualities and~~  
~~15 32 characteristics wherein the speculative elements are not~~  
~~15 33 predominant, which are deposited with a custodian bank as~~  
15 34 defined in subsection 21, and held under a written agreement  
15 35 with the custodian bank that complies with subsection 21 and  
16 1 provides for the proceeds of the collateral, subject to the

16 2 terms and conditions of the applicable collateral or other  
16 3 credit support agreement, to be remitted to the legal reserve  
16 4 deposit of the company or association and to vest in the state  
16 5 in accordance with section 508.18 whenever proceedings under  
16 6 that section are instituted.

16 7 e. (1) Investments in financial instruments of foreign  
16 8 governments or foreign corporate obligations, other than  
16 9 Canada, used in hedging transactions shall be included in the  
16 10 limitation contained in subsection 19 that allows only twenty  
16 11 percent of the legal reserve of the company or association to  
16 12 be invested in such foreign investments, except insofar as the  
16 13 financial instruments are collateralized by cash, ~~or~~ United  
16 14 States government obligations as authorized by subsection 1,  
16 15 ~~or obligations of or guaranteed by a United States~~

16 16 ~~government-sponsored enterprise which on the date they are~~  
16 17 ~~pledged as collateral are adequately secured and have~~  
16 18 ~~investment qualities and characteristics wherein the~~

16 19 ~~speculative elements are not predominant, which are deposited~~  
16 20 with a custodian bank as defined in subsection 21, and held  
16 21 under a written agreement with the custodian bank that  
16 22 complies with subsection 21 and provides for the proceeds of  
16 23 the collateral, subject to the terms and conditions of the  
16 24 applicable collateral or other credit support agreement, to be  
16 25 remitted to the legal reserve deposit of the company or  
16 26 association and to vest in the state in accordance with  
16 27 section 508.18 whenever proceedings under that section are  
16 28 instituted.

16 29 (2) This paragraph "e" does not authorize the inclusion of  
16 30 financial instruments used in hedging transactions in an  
16 31 insurer's legal reserve that are in excess of the eligibility  
16 32 limitation provided in paragraph "d" unless the financial  
16 33 instruments are collateralized as provided in this paragraph  
16 34 "e".

16 35 Sec. 24. NEW SECTION. 514B.17A RECISION.

17 1 1. A health maintenance organization may rescind an  
17 2 enrollee's membership in the health maintenance organization  
17 3 if the enrollee makes a material false statement or  
17 4 misrepresentation in the enrollee's application for  
17 5 membership. A written notice of rescision shall be sent to the  
17 6 enrollee by certified mail addressed to the enrollee and sent  
17 7 to the enrollee's last address known to the health maintenance  
17 8 organization and shall state the reason for the rescision. The  
17 9 enrollee may appeal the rescision to the commissioner as  
17 10 provided by the commissioner by rules adopted under chapter  
17 11 17A.

17 12 2. An enrollee's membership in a health maintenance  
17 13 organization shall not be rescinded as provided in subsection  
17 14 1 more than two years after the date of the enrollee's  
17 15 enrollment in the health maintenance organization.

17 16 Sec. 25. Section 514E.1, subsection 12, paragraph a, Code  
17 17 2007, is amended to read as follows:

17 18 a. "Health insurance coverage" means health insurance  
17 19 coverage offered to individuals, including group conversion  
17 20 coverage.

17 21 Sec. 26. Section 514E.1, subsection 14, Code 2007, is  
17 22 amended to read as follows:

17 23 14. "Involuntary termination" includes, but is not limited  
17 24 to, termination of group conversion coverage ~~when a conversion~~  
17 25 ~~policy is not available~~ or where benefits under a state or  
17 26 federal law providing for continuation of coverage upon  
17 27 termination of employment will cease or have ceased.

17 28 Sec. 27. Section 514E.7, subsection 4, paragraph c,  
17 29 subparagraph (2), Code 2007, is amended to read as follows:

17 30 (2) The applicant is not eligible for continuation ~~or~~  
17 31 ~~conversion~~ rights that would provide coverage substantially  
17 32 similar to plan coverage.

17 33 Sec. 28. NEW SECTION. 514F.6 CREDENTIALING ==  
17 34 RETROSPECTIVE PAYMENT.

17 35 The commissioner shall adopt rules to provide for the  
18 1 retrospective payment of clean claims for covered services  
18 2 provided by a physician during the credentialing period, once  
18 3 the physician is credentialed. For purposes of this section,  
18 4 "physician" means a licensed doctor of medicine and surgery or  
18 5 a licensed doctor of osteopathic medicine and surgery, and  
18 6 "credentialing period" means the time period between the  
18 7 health insurer's receipt of a physician's application for  
18 8 credentialing and approval of that application by the health  
18 9 insurer. "Credentialing" means a process through which a  
18 10 health insurer makes a determination based on criteria  
18 11 established by the health insurer concerning whether a  
18 12 physician is eligible to provide health care services to an

18 13 insured and to receive reimbursement for the health care  
18 14 services provided under an agreement entered into between the  
18 15 physician and the health insurer. "Clean claim" means the  
18 16 same as defined in section 507B.4A, subsection 2, paragraph  
18 17 "b".

18 18 Sec. 29. Section 514J.3, Code 2007, is amended to read as  
18 19 follows:

18 20 514J.3 EXCLUSIONS.

18 21 This chapter does not apply to a hospital confinement  
18 22 indemnity, credit, ~~dental~~, vision, long-term care, disability  
18 23 income insurance coverage, coverage issued as a supplement to  
18 24 liability insurance, workers' compensation or similar  
18 25 insurance, or automobile medical payment insurance.

18 26 Sec. 30. Section 515A.2, subsection 1, Code 2007, is  
18 27 amended by adding the following new paragraph:

18 28 NEW PARAGRAPH. g. "Schedule rating plan" means a rating  
18 29 plan by which an insurer increases or decreases workers'  
18 30 compensation rates to reflect the individual risk  
18 31 characteristics of the subject of the insurance.

18 32 Sec. 31. Section 515A.3, subsection 1, paragraph b, Code  
18 33 2007, is amended to read as follows:

18 34 b. Due consideration shall be given to past and  
18 35 prospective loss experience within and outside this state, to  
19 1 ~~the conflagration and catastrophe hazards, to a reasonable~~  
19 2 margin for underwriting profit and contingencies, to  
19 3 dividends, savings, or unabsorbed premium deposits allowed or  
19 4 returned by insurers to their policyholders, members or  
19 5 subscribers, to past and prospective expenses both countrywide  
19 6 and those specially applicable to this state, and to all other  
19 7 relevant factors within and outside this state; ~~and in the~~  
19 8 ~~case of fire insurance rates consideration shall be given to~~  
19 9 ~~the experience of the fire insurance business during a period~~  
19 10 ~~of not less than the most recent five-year period for which~~  
19 11 ~~such experience is available.~~

19 12 Sec. 32. Section 515A.4, Code 2007, is amended to read as  
19 13 follows:

19 14 515A.4 RATE FILINGS.

19 15 1. a. Every insurer shall file with the commissioner;  
19 16 ~~except as to inland marine risks which by general custom of~~  
19 17 ~~the business are not written according to manual rates or~~  
19 18 ~~rating plans, every manual, minimum, class rate, rating~~  
19 19 schedule or rating plan and every other rating rule, and every  
19 20 modification of any of the foregoing which it proposes to use.  
19 21 Every such filing shall state the proposed effective date  
19 22 thereof, and shall indicate the character and extent of the  
19 23 coverage contemplated.

19 24 b. When a filing is not accompanied by the information  
19 25 upon which the insurer supports such filing, and the  
19 26 commissioner does not have sufficient information to determine  
19 27 whether such filing meets the requirements of this chapter,  
19 28 the commissioner shall require such insurer to furnish the  
19 29 information upon which it supports such filing and in such  
19 30 event the waiting period shall commence as of the date such  
19 31 information is furnished. Until the required information is  
19 32 furnished, the filing shall not be deemed complete or  
19 33 available for use by the insurer.

19 34 c. The information furnished in support of a filing may  
19 35 include the experience or judgment of the insurer or rating  
20 1 organization making the filing, its interpretation of any  
20 2 statistical data it relies upon, the experience of other  
20 3 insurers or rating organizations, or any other relevant  
20 4 factors. When a filing is deemed complete, the filing and  
20 5 any supporting information shall be open to public inspection  
20 6 upon filing. Specific inland marine rates on risks specially  
20 7 rated, made by a rating organization, shall be filed with the  
20 8 commissioner.

20 9 2. An insurer may satisfy its obligation to make such  
20 10 filings by becoming a member of, or a subscriber to, a  
20 11 licensed rating organization which makes such filings, and by  
20 12 authorizing the commissioner to accept such filings on its  
20 13 behalf; provided that nothing contained in this chapter shall  
20 14 be construed as requiring any insurer to become a member of or  
20 15 a subscriber to any rating organization.

20 16 3. The commissioner shall review filings as soon as  
20 17 reasonably possible after they have been made in order to  
20 18 determine whether they meet the requirements of this chapter.

20 19 4. ~~Subject to the exception specified in subsection 5 of~~  
20 20 ~~this section, each~~ Each complete filing shall be on file for a  
20 21 waiting period of thirty days before it becomes effective,  
20 22 which period may be extended by the commissioner for an  
20 23 additional period not to exceed fifteen days if the

20 24 commissioner gives written notice within the waiting period to  
20 25 the insurer or rating organization which made the filing that  
20 26 the commissioner needs additional time for the consideration  
20 27 of the filing. Upon written application by the insurer or  
20 28 rating organization, the commissioner may authorize a filing  
20 29 which the commissioner has reviewed to become effective before  
20 30 the expiration of the waiting period or any extension of the  
20 31 period. A filing shall be deemed to meet the requirements of  
20 32 this chapter unless disapproved by the commissioner within  
~~20 33 thirty days of receipt by the commissioner before the~~  
~~20 34 expiration of the waiting period or an extension of the~~  
20 35 waiting period.

~~21 1 5. Specific inland marine rates on risks specially rated  
21 2 by a rating organization, or any specific filing with respect  
21 3 to a surety or guaranty bond required by law or by court or  
21 4 executive order, rule or regulation of a public body and not  
21 5 covered by a previous filing, shall become effective when  
21 6 filed and shall be deemed to meet the requirements of this  
21 7 chapter until such time as the commissioner reviews the filing  
21 8 and so long thereafter as the filing remains in effect.~~

21 9 6. 5. Under such rules and regulations as the  
21 10 commissioner shall adopt the commissioner may, by written  
21 11 order, suspend or modify the requirement of filing as to any  
21 12 kind of insurance, subdivision or combination thereof, or as  
21 13 to classes of risks, the rates for which cannot practicably be  
21 14 filed before they are used. Such order, rules and regulations  
21 15 shall be made known to insurers and rating organizations  
21 16 affected thereby. The commissioner may make such examination  
21 17 as the commissioner may deem advisable to ascertain whether  
21 18 any rates affected by such order meet the standards set forth  
21 19 in paragraph "b" of subsection 1 of section 515A.3.

~~21 20 7. 6. Upon the written application of the insured,  
21 21 stating the insured's reasons therefor, filed with and  
21 22 approved by the commissioner a rate in excess of that provided  
21 23 by a filing otherwise applicable may be used on any specific  
21 24 risk.~~

~~21 25 8. 7. No insurer shall make or issue a contract or policy  
21 26 except in accordance with the filings which are in effect for  
21 27 said the insurer as provided in this chapter or in accordance  
21 28 with subsections 6 subsection 5 or 7 of this section 6. This  
21 29 subsection shall not apply to contracts or policies for inland  
21 30 marine risks as to which filings are not required.~~

~~21 31 9. 8. If a hearing is requested pursuant to section  
21 32 515A.6, subsection 7, a filing shall not take effect until  
21 33 thirty days after formal approval is given by the  
21 34 commissioner.~~

21 35 Sec. 33. Section 515A.5, Code 2007, is amended to read as  
22 1 follows:

22 2 515A.5 DISAPPROVAL OF FILINGS.

22 3 1. If within the waiting period or any extension thereof  
22 4 as provided in subsection 4 of section 515A.4, the  
22 5 commissioner finds that a filing does not meet the  
22 6 requirements of this chapter, the commissioner shall send to  
22 7 the insurer or rating organization which made such filing,  
22 8 written notice in a printed or electronic format of  
22 9 disapproval of such filing specifying therein in what respects  
22 10 the commissioner finds such filing fails to meet the  
22 11 requirements of this chapter and stating that such filing  
22 12 shall not become effective.

~~22 13 2. If within thirty days after a specific inland marine  
22 14 rate on a risk especially rated by a rating organization  
22 15 subject to subsection 5 of section 515A.4 has become effective  
22 16 or, if within thirty days after a special surety or guaranty  
22 17 filing subject to subsection 5 of section 515A.4 has become  
22 18 effective, the commissioner finds that such filing does not  
22 19 meet the requirements of this chapter, the commissioner shall  
22 20 send to the rating organization or insurer which made such  
22 21 filing written notice of disapproval of such filing specifying  
22 22 therein in what respects the commissioner finds that such  
22 23 filing fails to meet the requirements of this chapter and  
22 24 stating when, within a reasonable period thereafter, such  
22 25 filing shall be deemed no longer effective. Said disapproval  
22 26 shall not affect any contract made or issued prior to the  
22 27 expiration of the period set forth in said notice.~~

~~22 28 3. 2. If at At any time subsequent to the applicable  
22 29 review period provided for in subsection 1 or 2 of this  
22 30 section, the commissioner finds that a filing does not meet  
22 31 the requirements of this chapter, the may hold a hearing to  
22 32 determine whether a filing meets the requirements of this  
22 33 chapter. The commissioner shall, after provide notice of a  
22 34 hearing held upon not less than ten days' written notice,~~

~~22 35 specifying the matters to be considered at such hearing, days~~  
~~23 1 prior to the hearing to every insurer and rating organization~~  
~~23 2 which made such the filing, specifying the matters to be~~  
~~23 3 considered at the hearing. If the commissioner finds that a~~  
~~23 4 filing does not meet the requirements of this chapter, the~~  
~~23 5 commissioner shall issue an order specifying in what respects~~  
~~23 6 the commissioner finds that such the filing fails to meet the~~  
~~23 7 requirements of this chapter, and stating when, within a~~  
~~23 8 reasonable period thereafter, such the filing shall be deemed~~  
~~23 9 no longer effective. Copies of said the order shall be sent~~  
~~23 10 to every such insurer and rating organization which made the~~  
~~23 11 filing. Said The order shall not affect any contract or~~  
~~23 12 policy made or issued prior to the expiration of the period~~  
~~23 13 set forth in said the order.~~

~~23 14 4- 3. a. Any person or organization aggrieved with~~  
~~23 15 respect to any filing which is in effect may make written~~  
~~23 16 application to the commissioner for a hearing thereon,~~  
~~23 17 provided, however, that the insurer or rating organization~~  
~~23 18 that made or uses the filing shall not be authorized to~~  
~~23 19 proceed under this subsection. Such application shall specify~~  
~~23 20 the grounds to be relied upon by the applicant and such~~  
~~23 21 application must show that the person or organization making~~  
~~23 22 such application has a specific economic interest affected by~~  
~~23 23 the filing. If the commissioner shall find finds that the~~  
~~23 24 application is made in good faith, that the applicant has a~~  
~~23 25 specific economic interest, that the applicant would be so~~  
~~23 26 aggrieved if the applicant's grounds are established, and that~~  
~~23 27 such grounds otherwise justify holding such a hearing, the~~  
~~23 28 commissioner shall within thirty days after receipt of such~~  
~~23 29 application hold a hearing, upon not less than ten days'~~  
~~23 30 written notice to the applicant and to every insurer and~~  
~~23 31 rating organization which made such the filing. No rating or~~  
~~23 32 advisory organization shall have any status under this chapter~~  
~~23 33 to make application for a hearing on any filing made by an~~  
~~23 34 insurer with the commissioner.~~

~~23 35 b. If, after such hearing, the commissioner finds that the~~  
~~24 1 filing does not meet the requirements of this chapter, the~~  
~~24 2 commissioner shall issue an order specifying in what respects~~  
~~24 3 the commissioner finds that such filing fails to meet the~~  
~~24 4 requirements of this chapter, and stating when, within a~~  
~~24 5 reasonable period thereafter, such filing shall be deemed no~~  
~~24 6 longer effective. Copies of said the order shall be sent to~~  
~~24 7 the applicant and to every such insurer and rating~~  
~~24 8 organization. Said The order shall not affect any contract or~~  
~~24 9 policy made or issued prior to the expiration of the period~~  
~~24 10 set forth in said the order.~~

~~24 11 5- 4. No filing shall be disapproved if the rates thereby~~  
~~24 12 produced meet the requirements of this chapter.~~

~~24 13 Sec. 34. Section 515A.6, subsection 1, paragraph c, Code~~  
~~24 14 Supplement 2007, is amended to read as follows:~~

~~24 15 c. Licenses issued pursuant to this section shall remain~~  
~~24 16 in effect for three years unless sooner suspended or revoked~~  
~~24 17 by the commissioner. The fee for said the license shall be~~  
~~24 18 twenty-five one hundred dollars.~~

~~24 19 Sec. 35. Section 515A.6, subsection 7, paragraph a, Code~~  
~~24 20 Supplement 2007, is amended to read as follows:~~

~~24 21 a. The commissioner shall provide notice of the filing of~~  
~~24 22 the proposed rates at least thirty days before the effective~~  
~~24 23 date of the proposed rates by publishing a notice in the Iowa~~  
~~24 24 administrative bulletin on the internet web site of the~~  
~~24 25 insurance division of the department of commerce.~~

~~24 26 Sec. 36. Section 515A.6, subsection 7, Code Supplement~~  
~~24 27 2007, is amended by adding the following new paragraphs:~~

~~24 28 NEW PARAGRAPH. g. Absent a request for a hearing as~~  
~~24 29 provided in paragraph "b", the commissioner shall issue an~~  
~~24 30 order approving or disapproving the proposed rates.~~

~~24 31 NEW PARAGRAPH. h. The waiting period for a workers'~~  
~~24 32 compensation insurance rate filing shall commence no earlier~~  
~~24 33 than the date that notice of the insurance rate filing is~~  
~~24 34 published.~~

~~24 35 Sec. 37. Section 515A.7, Code 2007, is amended to read as~~  
~~25 1 follows:~~

~~25 2 515A.7 UNIFORM RATING PLANS AND DEVIATIONS.~~

~~25 3 1. a. Every member of or subscriber to a rating~~  
~~25 4 organization insurer shall adhere to the filings made on its~~  
~~25 5 behalf by such a rating organization except that any such~~  
~~25 6 insurer may make written application to the commissioner to~~  
~~25 7 file a deviation from the class rates, schedules, rating~~  
~~25 8 plans, or rules respecting any kind of insurance, or class of~~  
~~25 9 risk within a kind of insurance, or a combination thereof for~~  
~~25 10 approval by the commissioner. Such application The deviation~~

25 11 filed shall specify the basis for the modification and a copy  
25 12 shall also be sent simultaneously to such rating organization.  
25 13 In considering the ~~application to file such deviation filed,~~  
25 14 the commissioner shall give consideration to the available  
25 15 statistics and the principles for rate making as provided in  
25 16 section 515A.3. The commissioner shall ~~issue an order~~  
~~25 17 permitting approve~~ the deviation ~~filed~~ for such insurer ~~to be~~  
~~25 18 filed~~ if the commissioner finds it to be justified and it  
25 19 shall thereupon become effective. The commissioner shall  
25 20 ~~issue an order denying such application disapprove the~~  
25 21 ~~deviation filed~~ if the commissioner finds that the deviation  
25 22 ~~applied for~~ does not meet the requirements of this chapter.

25 23 ~~Each deviation permitted to be filed shall remain in effect~~  
25 24 ~~for a period of not less than one year from the effective date~~  
25 25 ~~unless sooner withdrawn by the insurer with the approval of~~  
25 26 ~~the commissioner or until terminated in accordance with the~~  
25 27 ~~provisions of section 515A.5.~~

25 28 b. A deviation may be filed for approval by the  
25 29 commissioner as follows:  
25 30 (1) An insurer may file for approval by the commissioner  
25 31 of a uniform percentage rate deviation to be applied to the  
25 32 class rates of the rating organization's filing subject to  
25 33 limitations as set forth by the commissioner by rule. A rate  
25 34 deviation from the approved class rates of a rating  
25 35 organization shall not cause the rate charged a policyholder  
26 1 to exceed the approved assigned risk rates.

26 2 (2) A rating organization or insurer may offer  
26 3 retrospective plans in policies which generate at least one  
26 4 hundred thousand dollars in annual countrywide premiums on  
26 5 workers' compensation liability insurance.

26 6 (3) An insurer may offer large deductible programs on  
26 7 policies which generate at least one hundred thousand dollars  
26 8 in annual countrywide premiums on workers' compensation  
26 9 liability insurance. The minimum large deductible which may  
26 10 be offered is twenty-five thousand dollars, which may be  
26 11 applied to indemnity and medical losses.

26 12 (4) An insurer may offer small deductible programs with  
26 13 deductibles in a range of up to ten thousand dollars and which  
26 14 apply only to medical losses. Losses shall be reported on a  
26 15 net basis in accordance with the statistical plan filed by a  
26 16 rating organization.

26 17 (5) An insurer may adopt a scheduled or rating plan  
26 18 providing for credits or debits in an amount not exceeding the  
26 19 maximum modification allowed as set forth by the commissioner  
26 20 by rule. This amount shall be in addition to the permitted  
26 21 deviations set forth in subparagraphs (1) through (4).

26 22 (6) The commissioner may authorize other types of  
26 23 deviations by rule when there is no approved rate, schedule,  
26 24 rating plan, or rule applicable to the deviation filed, on  
26 25 file with the insurance division for a rating organization.

26 26 2. The commissioner may adopt rules pursuant to chapter  
26 27 17A to limit deviations and maximum schedule or rating plan  
26 28 modifications.

26 29 3. All dividends shall be paid based upon loss  
26 30 sensitivity. Dividends are deemed a return of profit to  
26 31 insureds. Accordingly, dividends shall not be guaranteed by  
26 32 an insurer without regard to profits. Dividends may be  
26 33 offered in conjunction with deviated rates or with scheduled  
26 34 rates or in combination therewith. For the purposes of this  
26 35 subsection, "loss sensitivity" means the profitability of the  
27 1 policyholder individually or as a member of a homogenous  
27 2 group.

27 3 Sec. 38. Section 515A.8, Code 2007, is amended to read as  
27 4 follows:

27 5 515A.8 APPEAL BY MINORITY MEMBER OR SUBSCRIBER.

27 6 1. Any member or subscriber to a rating organization may  
27 7 appeal to the commissioner from the action or decision of such  
27 8 rating organization in approving or rejecting any proposed  
27 9 change in or addition to the filings of such rating  
27 10 organization and the commissioner shall, after a hearing held  
27 11 upon not less than ten days' written notice to the appellant,  
27 12 and to such rating organization, issue an order approving the  
27 13 action or decision of such rating organization or directing it  
27 14 to give further consideration to such proposal, or, if such  
27 15 appeal is from the action or decision of the rating  
27 16 organization in rejecting a proposed addition to its filings,  
27 17 the commissioner may, in the event the commissioner finds that  
27 18 such action or decision was unreasonable, issue an order  
27 19 directing the rating organization to make an addition to its  
27 20 filings, on behalf of its members and subscribers, in a manner  
27 21 consistent with the findings, within a reasonable time after

27 22 the issuance of such order.

27 23 2. If such appeal is based upon the failure of the rating  
27 24 organization to make a filing on behalf of such member or  
27 25 subscriber, which is based on a system of expense provisions  
27 26 which differs, in accordance with the right granted in  
27 27 paragraph "c" of subsection 1 of section 515A.3, from the  
27 28 system of expense provisions included in a filing made by the  
27 29 rating organization, the commissioner shall, if the  
27 30 commissioner grants the appeal, order the rating organization  
27 31 to make the requested filing for use by the appellant. In  
27 32 deciding such appeal the commissioner shall apply the  
27 33 standards set forth in section 515A.3.

27 34 Sec. 39. Section 515A.13, Code 2007, is amended to read as  
27 35 follows:

28 1 515A.13 RATE ADMINISTRATION.

28 2 ~~1. RECORDING AND REPORTING OF LOSS AND EXPENSE EXPERIENCE.~~

28 3 The commissioner shall promulgate reasonable rules and  
28 4 statistical plans, reasonably adapted to each of the rating  
28 5 systems on file with the commissioner, which may be modified  
28 6 from time to time and which shall be used thereafter by each  
28 7 insurer in the recording and reporting of its loss and  
28 8 countrywide expense experience, in order that the experience  
28 9 of all insurers may be made available at least annually in  
28 10 such form and detail as may be necessary to aid the  
28 11 commissioner in determining whether rating systems comply with  
28 12 the standards set forth in section 515A.3. Such rules and  
28 13 plans may also provide for the recording and reporting of  
28 14 expense experience items which are specially applicable to  
28 15 this state and are not susceptible of determination by a  
28 16 prorating of countywide expense experience. In promulgating  
28 17 such rules and plans, the commissioner shall give due  
28 18 consideration to the rating systems on file and, in order that  
28 19 such rules and plans may be as uniform as is practicable among  
28 20 the several states, to the rules and to the form of the plans  
28 21 used for such rating systems in other states. No insurer  
28 22 shall be required to record or report its loss experience on a  
28 23 classification basis that is inconsistent with the rating  
28 24 system filed by it. The commissioner may designate one or  
28 25 more rating organizations or other agencies to assist in  
28 26 gathering such experience and making compilations thereof, and  
28 27 such compilations shall be made available, subject to  
28 28 reasonable rules promulgated by the commissioner, to insurers  
28 29 and rating organizations.

28 30 ~~2. INTERCHANGE OF RATING PLAN DATA.~~ Reasonable rules and  
28 31 plans may be promulgated by the commissioner for the  
28 32 interchange of data necessary for the application of rating  
28 33 plans.

28 34 ~~3. CONSULTATION WITH OTHER STATES.~~ In order to further  
28 35 uniform administration of rate regulatory laws, the  
29 1 commissioner and every insurer and rating organization may  
29 2 exchange information and experience data with insurance  
29 3 supervisory officials, insurers and rating organizations in  
29 4 other states and may consult with them with respect to rate  
29 5 making and the application of rating systems.

29 6 ~~4. RULES AND REGULATIONS.~~ The commissioner may make  
29 7 reasonable rules necessary to effect the purposes of this  
29 8 chapter.

29 9 ~~5. PROHIBITED RELEASE.~~ A person other than the  
29 10 commissioner or the commissioner's designee shall not release  
29 11 to another person, other than to the servicing insurer of the  
29 12 policy or to the commissioner or the commissioner's designee,  
29 13 experience, payroll, loss data, expiration date of a policy,  
29 14 or classification information without the prior written  
29 15 approval of the policyholder. A violation of this section  
29 16 shall be considered an unfair trade practice pursuant to  
29 17 chapter 507B.

29 18 Sec. 40. Section 515A.17, Code 2007, is amended to read as  
29 19 follows:

29 20 515A.17 PENALTIES.

29 21 1. The commissioner may, if the commissioner finds that  
29 22 any person or organization has violated any provision of this  
29 23 chapter, impose a penalty of not more than fifty one thousand  
29 24 dollars for each such violation, but if the commissioner finds  
29 25 such violation to be willful the commissioner may impose a  
29 26 penalty of not more than five hundred thousand dollars for  
29 27 each such violation. Such penalties may be in addition to any  
29 28 other penalty provided by law.

29 29 2. The commissioner may suspend the license of any rating  
29 30 organization or insurer which fails to comply with an order of  
29 31 the commissioner within the time limited by such order, or any  
29 32 extension thereof which the commissioner may grant. The

29 33 commissioner shall not suspend the license of any rating  
29 34 organization or insurer for failure to comply with an order  
29 35 until the time prescribed for an appeal therefrom has expired  
30 1 or if an appeal has been taken, until such order has been  
30 2 affirmed. The commissioner may determine when a suspension of  
30 3 license shall become effective and it shall remain in effect  
30 4 for the period fixed by the commissioner, unless the  
30 5 commissioner modifies or rescinds such suspension, or until  
30 6 the order upon which such suspension is based is modified,  
30 7 rescinded, or reversed.

30 8 3. No A penalty shall not be imposed and no a license  
30 9 shall not be suspended or revoked except upon a written order  
30 10 of the commissioner, stating the commissioner's findings, made  
30 11 after a hearing held upon not less than ten days' written  
30 12 notice to such person or organization specifying the alleged  
30 13 violation.

30 14 Sec. 41. NEW SECTION. 515A.19A RULES.

30 15 The commissioner may adopt rules pursuant to chapter 17A as  
30 16 necessary and convenient to administer this chapter.

30 17 Sec. 42. Section 521.16, Code 2007, is amended to read as  
30 18 follows:

30 19 521.16 APPLICABILITY OF SECTION 521A.3.

30 20 The For an insurer subject to chapter 521A, the provisions  
30 21 of section 521A.3 shall also be applicable to a merger or  
30 22 consolidation subject to this chapter. As used in this  
30 23 section, "insurer" means the same as defined in section

30 24 521A.1.

30 25 Sec. 43. Section 522B.11, subsection 1, Code 2007, is  
30 26 amended by adding the following new paragraph:

30 27 NEW PARAGRAPH. r. Using an insurance producer's license  
30 28 for the principal purpose of procuring, receiving, or  
30 29 forwarding applications for insurance of any kind, or placing,  
30 30 or effecting such insurance directly or indirectly upon or in  
30 31 connection with the property of the licensee or the property  
30 32 of a relative, employer, or employee of the licensee, or upon  
30 33 or in connection with property for which the licensee or a  
30 34 relative, employer, or employee of the licensee is an agent,  
30 35 custodian, vendor, bailee, trustee, or payee.

31 1 Sec. 44. Section 523A.206, subsection 5, paragraphs a and  
31 2 b, Code Supplement 2007, are amended to read as follows:

31 3 a. The refusal of a seller, by its officers, directors,  
31 4 employees, or agents, to submit to an examination or to comply  
31 5 with a reasonable written request of an examiner shall  
31 6 constitute grounds for the suspension, revocation, or  
31 7 nonrenewal of denial of an application to renew any license  
31 8 held by the seller to engage in business subject to the  
31 9 commissioner's jurisdiction.

31 10 b. If a seller declines or refuses to submit to an  
31 11 examination as provided in this chapter, the commissioner  
31 12 shall immediately suspend, revoke, or nonrenew deny an  
31 13 application to renew any license held by the seller or  
31 14 business to engage in business subject to the commissioner's  
31 15 jurisdiction, and shall report the commissioner's action to  
31 16 the attorney general, who shall immediately apply to the  
31 17 district court for the appointment of a receiver to administer  
31 18 the final affairs of the seller.

31 19 Sec. 45. Section 523A.401, subsection 7, Code Supplement  
31 20 2007, is amended to read as follows:

31 21 7. The seller of a purchase agreement subject to this  
31 22 chapter which is to be funded by insurance proceeds shall  
31 23 obtain all permits licenses required to be obtained and comply  
31 24 with all reporting requirements under this chapter. A parent  
31 25 company, provider, or seller shall not pledge, borrow from, or  
31 26 otherwise encumber an insurance policy funding a purchase  
31 27 agreement.

31 28 Sec. 46. Section 523A.402, subsection 7, Code Supplement  
31 29 2007, is amended to read as follows:

31 30 7. The seller of a purchase agreement subject to this  
31 31 chapter which is to be funded by annuity proceeds shall obtain  
31 32 all permits licenses required to be obtained and comply with  
31 33 all reporting requirements under this chapter. A parent  
31 34 company, provider, or seller shall not pledge, borrow from, or  
31 35 otherwise encumber an annuity funding a purchase agreement.

32 1 Sec. 47. Section 523A.405, subsection 8, Code Supplement  
32 2 2007, is amended to read as follows:

32 3 8. The amount of the surety bond shall equal eighty  
32 4 percent of the payments received pursuant to purchase  
32 5 agreements, or the applicable portion thereof, for cemetery  
32 6 merchandise, funeral merchandise, funeral services, or a  
32 7 combination thereof and the amount needed to adjust the amount  
32 8 of the surety bond for inflation as set by the commissioner

32 9 based on the consumer price index. The seller shall review  
32 10 the amount of the surety bond no less than annually and shall  
32 11 increase the bond as necessary to reflect additional payments.  
32 12 The amount needed to adjust for inflation shall be added  
32 13 annually to the surety bond during the first quarter of the  
32 14 ~~establishment's seller's~~ fiscal year.

32 15 Sec. 48. Section 523A.501, subsection 3, paragraphs a and  
32 16 b, Code Supplement 2007, are amended to read as follows:

32 17 a. The commissioner shall request and obtain,  
32 18 notwithstanding section 692.2, subsection 5, criminal history  
32 19 data for any applicant for an initial license issued pursuant  
32 20 to this section, any applicant for reinstatement of a license  
32 21 issued pursuant to this section, or any licensee who is being  
32 22 monitored as a result of ~~a commission order~~ an order of the  
32 23 commissioner or agreement resolving an administrative  
32 24 disciplinary action, for the purpose of evaluating the  
32 25 applicant's or licensee's eligibility for licensure or  
32 26 suitability for continued practice as a preneed seller. The  
32 27 commissioner shall adopt rules pursuant to chapter 17A to  
32 28 implement this section. The commissioner shall inform the  
32 29 applicant or licensee of the criminal history requirement and  
32 30 obtain a signed waiver from the applicant or licensee prior to  
32 31 submitting a criminal history data request.

32 32 b. A request for criminal history data shall be submitted  
32 33 to the department of public safety, division of criminal  
32 34 investigation, pursuant to section 692.2, subsection 1. The  
32 35 commissioner may also require such applicants or licensees to  
33 1 provide a full set of fingerprints, in a form and manner  
33 2 prescribed by the ~~commissioner~~ commissioner. Such fingerprints  
33 3 may be submitted to the federal bureau of investigation  
33 4 through the state criminal history repository for a national  
33 5 criminal history check. The commissioner may authorize  
33 6 alternate methods or sources for obtaining criminal history  
33 7 record information. The commissioner may, in addition to any  
33 8 other fees, charge and collect such amounts as may be incurred  
33 9 by the commissioner, the department of public safety, or the  
33 10 federal bureau of investigation in obtaining criminal history  
33 11 information. Amounts collected shall be considered repayment  
33 12 receipts as defined in section 8.2.

33 13 Sec. 49. Section 523A.501, subsection 4, Code Supplement  
33 14 2007, is amended to read as follows:

33 15 4. The commissioner shall request and obtain a financial  
33 16 history for any applicant for an initial license issued  
33 17 pursuant to this section, any applicant for reinstatement of a  
33 18 license issued pursuant to this section, or any licensee who  
33 19 is being monitored as a result of ~~a commission order~~ an order  
33 20 of the commissioner or agreement resolving an administrative  
33 21 disciplinary action, for the purpose of evaluating the  
33 22 applicant's or licensee's eligibility for licensure or  
33 23 suitability for continued practice as a preneed seller.  
33 24 "Financial history" means the record of a person's current  
33 25 loans, the date of a person's loans, the amount of the loans,  
33 26 the person's payment record on the loans, current liens  
33 27 against the person's property, and the person's most recent  
33 28 financial statement setting forth the assets, liabilities, and  
33 29 the net worth of the person.

33 30 Sec. 50. Section 523A.502, subsection 4, paragraphs a and  
33 31 b, Code Supplement 2007, are amended to read as follows:

33 32 a. The commissioner shall request and obtain,  
33 33 notwithstanding section 692.2, subsection 5, criminal history  
33 34 data for any applicant for an initial license issued pursuant  
33 35 to this section, any applicant for reinstatement of a license  
34 1 issued pursuant to this section, or any licensee who is being  
34 2 monitored as a result of ~~a commission order~~ an order of the  
34 3 commissioner or agreement resolving an administrative  
34 4 disciplinary action, for the purpose of evaluating the  
34 5 applicant's or licensee's eligibility for licensure or  
34 6 suitability for continued practice as a sales agent. The  
34 7 commissioner shall adopt rules pursuant to chapter 17A to  
34 8 implement this section. The commissioner shall inform the  
34 9 applicant or licensee of the criminal history requirement and  
34 10 obtain a signed waiver from the applicant or licensee prior to  
34 11 submitting a criminal history data request.

34 12 b. A request for criminal history data shall be submitted  
34 13 to the department of public safety, division of criminal  
34 14 investigation, pursuant to section 692.2, subsection 1. The  
34 15 commissioner may also require such applicants or licensees, to  
34 16 provide a full set of fingerprints, in a form and manner  
34 17 prescribed by the ~~commissioner~~ commissioner. Such fingerprints  
34 18 may be submitted to the federal bureau of investigation  
34 19 through the state criminal history repository for a national

34 20 criminal history check. The commissioner may authorize  
34 21 alternate methods or sources for obtaining criminal history  
34 22 record information. The commissioner may, in addition to any  
34 23 other fees, charge and collect such amounts as may be incurred  
34 24 by the commissioner, the department of public safety, or the  
34 25 federal bureau of investigation in obtaining criminal history  
34 26 information. Amounts collected shall be considered repayment  
34 27 receipts as defined in section 8.2.

34 28 Sec. 51. Section 523A.502, subsection 5, Code Supplement  
34 29 2007, is amended to read as follows:

34 30 5. ~~The A~~ sales license shall be renewed every four years  
34 31 by filing the form prescribed by the commissioner under  
34 32 subsection 3, accompanied by a renewal fee in an amount set by  
34 33 the commissioner by rule.

34 34 Sec. 52. Section 523A.603, subsection 2, Code Supplement  
34 35 2007, is amended to read as follows:

35 1 2. If a purchase agreement is funded by a surety bond, the  
35 2 purchaser shall receive a notice from the surety company that  
35 3 evidences coverage under the bond, the name of the purchaser  
35 4 or beneficiary, and the amount of coverage. If the purchase  
35 5 agreement is paid with a single payment, the purchaser shall  
35 6 receive notice of the surety bond within sixty days of making  
35 7 the payment. If the purchase agreement is being paid with  
35 8 multiple, periodic payments, the purchaser shall receive  
35 9 notice of the surety bond within sixty days of making the  
35 10 first payment and within sixty days of making the last  
35 11 payment. Compliance with this notice requirement does not  
35 12 require a seller to purchase individual surety bonds for each  
35 13 purchaser and beneficiary. A seller may file a single bond  
35 14 with the commissioner.

35 15 Sec. 53. Section 523A.807, subsection 3, paragraph a, Code  
35 16 Supplement 2007, is amended to read as follows:

35 17 a. Payment of a civil penalty of not more than one  
35 18 thousand dollars for each violation, but not exceeding an  
35 19 aggregate of ten thousand dollars during any six-month period,  
35 20 except that if the commissioner finds that the person knew or  
35 21 reasonably should have known that the person was in violation  
35 22 of such provisions or rules adopted pursuant thereto, the  
35 23 penalty shall be not more than five thousand dollars for each  
35 24 violation, but not exceeding an aggregate of fifty thousand  
35 25 dollars during any six-month period. The commissioner shall  
35 26 assess the penalty on the employer of an individual and not on  
35 27 the individual, if the commissioner finds that the violations  
35 28 committed by the individual were directed, encouraged,  
35 29 condoned, ignored, or ratified by the individual's employer.

35 30 Sec. 54. Section 523A.901, subsection 9, paragraph a,  
35 31 subparagraph (2), subparagraph subdivision (d), Code  
35 32 Supplement 2007, is amended to read as follows:

35 33 (d) The creditor receiving the transfer was an officer, or  
35 34 an employee, attorney, or other person who was in fact in a  
35 35 position of comparable influence in the business of the seller  
36 1 to an officer whether or not the person held the position of  
36 2 an officer, owner, or other person, firm, corporation,  
36 3 association, or aggregation of persons with whom the seller  
36 4 did not deal at arm's length.

36 5 Sec. 55. Section 523I.102, subsection 8, Code Supplement  
36 6 2007, is amended to read as follows:

36 7 8. "Commissioner" means the commissioner of insurance ~~or~~  
36 8 ~~the commissioner's designee authorized in section 523A.801.~~

36 9 Sec. 56. Section 523I.201, subsection 1, Code Supplement  
36 10 2007, is amended to read as follows:

36 11 1. This chapter shall be administered by the commissioner.  
36 12 The commissioner ~~shall~~ may employ officers, attorneys,  
36 13 accountants, and other employees as needed for administering  
36 14 this chapter.

36 15 Sec. 57. Section 508.30, Code 2007, is repealed.

36 16 Sec. 58. EFFECTIVE DATE. The section of this Act amending  
36 17 section 515A.7, Code 2007, being deemed of immediate  
36 18 importance, takes effect upon enactment.

36 19 EXPLANATION

36 20 This bill relates to various matters under the purview of  
36 21 the insurance division of the department of commerce including  
36 22 uniform securities; duties of the insurance division including  
36 23 a consumer advocate bureau and rate reviews; examinations;  
36 24 insurance fraud; the Iowa life and health insurance guaranty  
36 25 association; general agents and third-party administrators;  
36 26 life insurance companies; health maintenance organizations;  
36 27 utilization and cost control; external review of health  
36 28 coverage decisions; the Iowa comprehensive health insurance  
36 29 association; workers' compensation liability insurance;  
36 30 consolidation, merger, and reinsurance; cemetery and funeral

36 31 merchandise and funeral services; and cemeteries.  
36 32 UNIFORM SECURITIES ACT. Code section 502.201(9E) is  
36 33 amended to make the terminology consistent with the language  
36 34 contained in Code section 502.102(31A).  
36 35 Code section 502.202(9) is amended to provide that certain  
37 1 exchange transactions are exempt from certain registration and  
37 2 notice filing requirements for securities only if approved  
37 3 after hearing by a court or specified government agency or  
37 4 authority.  
37 5 Code section 502.402(2)(a) is amended to correct an  
37 6 incorrect citation to the United States Code.  
37 7 Code section 502.410(2) is amended to increase the  
37 8 registration or renewal of registration fee for a securities  
37 9 agent from \$30 to \$40 and to appropriate \$10 of that fee to  
37 10 the securities investor education and financial literacy  
37 11 training fund established under Code section 502.601(5). Code  
37 12 section 502.601(4) is amended to expand the investor education  
37 13 initiatives developed and implemented by the insurance  
37 14 division to include financial literacy. Code section  
37 15 502.601(5) is amended to coordinate with these changes and to  
37 16 provide that moneys may remain in the fund after the end of  
37 17 the state fiscal year in an amount not exceeding \$500,000,  
37 18 instead of \$200,000.  
37 19 INSURANCE DIVISION == CONSUMER ADVOCATE BUREAU == RATE  
37 20 REVIEWS. Code section 505.8, concerning the powers and duties  
37 21 of the commissioner of insurance, is amended to require the  
37 22 commissioner to establish a consumer advocate bureau with the  
37 23 responsibility to ensure fair treatment of consumers by  
37 24 persons in the business of insurance and to prevent unfair or  
37 25 deceptive trade practices in the insurance marketplace. The  
37 26 commissioner is required to make an annual report to the  
37 27 general assembly of findings and recommendations regarding the  
37 28 activities of the consumer advocate bureau.  
37 29 Code section 505.8(6) is amended to require the  
37 30 commissioner to keep confidential the information submitted to  
37 31 or obtained by the division in the course of an investigation  
37 32 or inquiry conducted by the consumer advocate bureau and to  
37 33 allow the disclosure of such information to the parties to the  
37 34 complaint or inquiry and in the course of an administrative or  
37 35 judicial proceeding.  
38 1 Code section 505.8(10) is also amended to provide that the  
38 2 confidentiality provisions of 505.8(6) apply to information  
38 3 and material obtained by the commissioner pursuant to any  
38 4 investigation made under Code chapter 505.  
38 5 Code section 505.15 is amended to specify that the  
38 6 commissioner of insurance may retain attorneys, appraisers,  
38 7 independent actuaries and certified public accountants, and  
38 8 other professionals and specialists to assist the division in  
38 9 conducting rate filing reviews.  
38 10 EXAMINATIONS. Code section 507.4 is amended to provide  
38 11 that the commissioner may employ insurance examiners at rates  
38 12 of compensation consistent with current standards in the  
38 13 insurance industry and that such employment is exempt from  
38 14 specified merit system provisions.  
38 15 INSURANCE TRADE PRACTICES. Code section 507B.3 is amended  
38 16 by striking provisions relating to the power of the  
38 17 commissioner to examine, investigate, and obtain information  
38 18 on persons engaged in the business of insurance in this state  
38 19 about prohibited insurance trade practices. These powers are  
38 20 now included in new provisions contained in Code section  
38 21 505.8(5A) and (6).  
38 22 INSURANCE FRAUD. Code section 507E.6 is amended to require  
38 23 an insurer who believes that an application for insurance  
38 24 contains fraudulent submissions to report such a violation to  
38 25 the consumer fraud bureau of the insurance division for  
38 26 investigation. This amendment conforms this Code section to  
38 27 the language contained in Code section 507E.3 concerning  
38 28 fraudulent submissions.  
38 29 IOWA LIFE AND HEALTH INSURANCE GUARANTY ASSOCIATION. Code  
38 30 section 508C.3(2) is amended to provide that for the purposes  
38 31 of coverage under this Code chapter, long-term care insurance  
38 32 and disability insurance policies are covered as health  
38 33 insurance policies.  
38 34 Code section 508C.6(1)(c) and (d) are amended to provide  
38 35 that certain deferred compensation plans are covered under the  
39 1 guaranty association's annuity account.  
39 2 Code section 508C.8(8) is amended by rewriting the  
39 3 subsection to increase the obligation of the guaranty  
39 4 association to cover contractual obligations of impaired or  
39 5 insolvent insurers. The association's liability is limited to  
39 6 the lesser of what the insurer is liable or would have been

39 7 liable for if the insurer was not impaired or insolvent, or  
39 8 specified statutory limitations based on the type of benefits  
39 9 or plan.

39 10 Code section 508C.8(9) is amended to expand the  
39 11 association's coverage of certain claims by striking a  
39 12 limitation on when such claims must accrue in order to be  
39 13 covered or paid.

39 14 VIATICAL SETTLEMENT CONTRACTS. New Code section 508E.5  
39 15 provides that all information filed with the commissioner  
39 16 pursuant to the requirements of this chapter and its  
39 17 implementing rules constitutes a public record that is open  
39 18 for public inspection.

39 19 GENERAL AGENTS AND THIRD-PARTY ADMINISTRATORS. Code  
39 20 section 510.5(1) is amended to remove an inaccurate reference  
39 21 to triennial examination of insurers.

39 22 LIFE INSURANCE COMPANIES AND ASSOCIATIONS. Code section  
39 23 511.8(6) is amended to allow a life insurance company to  
39 24 invest in preferred stocks only if at the date of their  
39 25 acquisition the stocks have specified earnings and preferred  
39 26 dividends, or at the date of their acquisition such stocks  
39 27 have investment qualities and characteristics where the  
39 28 speculative elements are not predominant.

39 29 Code section 511.8(9) is amended to make references to  
39 30 federal and Canadian statutes as of a fixed date, update  
39 31 references to legislation, and add references to statutes  
39 32 creating the federal national mortgage association.

39 33 Code section 511.8(22) is amended by adding a definition of  
39 34 "government-sponsored enterprise". Code section 511.8(22) is  
39 35 also amended to allow a life insurance company to invest in  
40 1 certain financial instruments used in hedging transactions  
40 2 that are obligations of or obligations guaranteed by a United  
40 3 States government-sponsored enterprise which on the date they  
40 4 are pledged as collateral are adequately secured and have  
40 5 investment qualities and characteristics where the speculative  
40 6 elements are not predominant.

40 7 HEALTH MAINTENANCE ORGANIZATIONS. New Code section  
40 8 514B.17A allows a health maintenance organization to rescind  
40 9 an enrollee's membership for making a material false statement  
40 10 or misrepresentation in the enrollee's application for  
40 11 membership upon written notice to the enrollee and allows  
40 12 appeal of the rescission. An enrollee's membership cannot be  
40 13 rescinded for these reasons more than two years after the date  
40 14 of enrollment.

40 15 IOWA COMPREHENSIVE HEALTH INSURANCE ASSOCIATION. Code  
40 16 section 514E.1 is amended to provide that references to health  
40 17 insurance coverage and involuntary termination apply to group  
40 18 conversion coverage.

40 19 UTILIZATION AND COST CONTROL. New Code section 514F.6  
40 20 requires the commissioner to adopt rules to provide for the  
40 21 retrospective payment of clean claims for covered services  
40 22 provided by a physician during the time before a physician's  
40 23 application for credentialing has been approved by a health  
40 24 insurer. Credentialing is an insurance process through which  
40 25 a health insurer makes a determination concerning whether a  
40 26 physician is eligible to provide health care services to an  
40 27 insured to receive reimbursement from the insurer.

40 28 EXTERNAL REVIEW OF HEALTH CARE COVERAGE DECISIONS. Code  
40 29 section 514J.3 is amended to provide that claims for dental  
40 30 insurance coverage are subject to external review  
40 31 requirements.

40 32 WORKERS' COMPENSATION LIABILITY INSURANCE. Code section  
40 33 515A.2(1) is amended to define "schedule rating plan".

40 34 Code section 515A.3(1) is amended to remove an outdated  
40 35 reference and references to insurance other than workers'  
41 1 compensation insurance.

41 2 Code section 515A.4, concerning rate filings, is amended to  
41 3 remove references to insurance other than workers'  
41 4 compensation insurance, to specify that a filing is not deemed  
41 5 complete or available for use by an insurer until all required  
41 6 information is furnished, and to specify that a filing is  
41 7 deemed complete unless disapproved by the commissioner of  
41 8 insurance within the waiting period or an extension thereof.

41 9 Code section 515A.5, concerning disapproval of rate  
41 10 filings, is amended to allow the notices of disapproval to be  
41 11 sent to insurers or rating organizations electronically, to  
41 12 remove a reference to insurance other than workers'  
41 13 compensation insurance, and to allow the commissioner to hold  
41 14 a hearing to determine whether the filing meets all  
41 15 requirements upon notice specifying the matters to be  
41 16 considered at the hearing.

41 17 Code section 515A.6(1) is amended to increase the license

41 18 fee for rating organizations from \$25 to \$100.  
41 19 Code section 515A.6(7) is amended to provide that the  
41 20 commissioner of insurance shall provide notice of the filing  
41 21 of proposed rates on the internet web site of the insurance  
41 22 division instead of in the Iowa administrative bulletin.  
41 23 Code section 515A.6(7) is also amended to add new  
41 24 provisions allowing the commissioner to approve or disapprove  
41 25 proposed rates unless there is a request for hearing, and  
41 26 specifying that the waiting period for an insurance rate  
41 27 filing shall commence no earlier than the date the notice of  
41 28 the rate filing is published.  
41 29 Code section 515A.7 is amended to require an insurer to  
41 30 file rather than apply for approval of a deviation from its  
41 31 class rates, schedules, rating plans, or rules, and to require  
41 32 the commissioner to approve such a filing rather than issuing  
41 33 an order of approval. A provision requiring a filed deviation  
41 34 to remain in effect for a period of not less than one year  
41 35 from the effective date unless withdrawn or terminated is  
42 1 stricken. The bill specifies what filings for approval of  
42 2 deviations and schedule rating plan modifications may contain,  
42 3 allows the commissioner to adopt rules to limit such  
42 4 deviations and modifications, and requires that all dividends  
42 5 be paid upon loss sensitivity, meaning the profitability of  
42 6 the policyholder individually or as a member of a homogenous  
42 7 group. This provision of the bill takes effect upon  
42 8 enactment.  
42 9 Code section 515A.8 is amended to conform terminology used  
42 10 in the Code section.  
42 11 Code section 515A.13 is amended to make the format  
42 12 consistent with other Code sections in the Code chapter.  
42 13 Code section 515A.17 is amended by increasing the penalty  
42 14 for a violation of this Code chapter to not more than \$1,000  
42 15 instead of \$50 for one violation, and not more than \$5,000  
42 16 instead of \$500 for each willful violation.  
42 17 New Code section 515A.19A gives the commissioner of  
42 18 insurance the authority to adopt rules pursuant to Code  
42 19 chapter 17A as necessary and convenient to administer Code  
42 20 chapter 515A.  
42 21 CONSOLIDATION, MERGER, AND REINSURANCE. Code section  
42 22 521.16 is amended to specify that the submission requirements  
42 23 of Code section 521A.3 are only applicable to insurers that  
42 24 are subject to Code chapter 521A, insurance holding company  
42 25 systems.  
42 26 INSURANCE PRODUCERS. Section 522B.11(1) is amended to  
42 27 allow the commissioner of insurance to place on probation,  
42 28 suspend, revoke, or refuse to issue or renew the license of an  
42 29 insurance producer who procures applications for insurance of  
42 30 property of the producer or a relative, employer, or employee  
42 31 of the producer or for which such a person is an agent  
42 32 custodian, vendor, bailee, trustee, or payee.  
42 33 CEMETERY AND FUNERAL MERCHANDISE AND FUNERAL SERVICES.  
42 34 Code section 523A.206(5) is amended to replace use of the term  
42 35 "nonrenewal" or "nonrenew" with the words "denial of any  
43 1 application to renew".  
43 2 Code section 523A.401(7) is amended to correct a reference  
43 3 to a "permit" instead of a "license" and to prohibit a parent  
43 4 company of a seller, a seller, or a provider from pledging,  
43 5 borrowing from, or otherwise encumbering an insurance policy  
43 6 that funds a purchase agreement for cemetery and funeral  
43 7 merchandise, and funeral services.  
43 8 Code section 523A.402(7) is amended to correct a reference  
43 9 to a "permit" instead of a "license" and to prohibit a parent  
43 10 company of a seller, a seller, or a provider from pledging,  
43 11 borrowing from, or otherwise encumbering an annuity that funds  
43 12 such a purchase agreement.  
43 13 Code section 523A.405(8) is amended to correct terminology  
43 14 to make it consistent with the rest of the Code chapter.  
43 15 Code sections 523A.501(3), 523A.501(4), and 523A.502(4) are  
43 16 amended to make terminology more accurate and consistent with  
43 17 the rest of the Code chapter.  
43 18 Code section 523A.603(2) is amended to make the language  
43 19 consistent with that contained in Code section 523A.601(6).  
43 20 Code section 523A.807(3) is amended with a technical  
43 21 correction.  
43 22 Code section 523A.901(9) is amended with a technical  
43 23 correction.  
43 24 IOWA CEMETERY ACT. Code section 523I.102(8) removes an  
43 25 incorrect internal reference.  
43 26 Code section 523I.201(1) is amended to make it consistent  
43 27 with similar language contained in Code section 523A.801(1).  
43 28 LIFE INSURANCE COMPANIES. Code section 508.30 is repealed

43 29 because it is no longer applicable.  
43 30 LSB 5431HV 82  
43 31 av/nh/5.1